

Message Text

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ORIGIN EB-07

INFO OCT-01 EUR-12 IO-13 ISO-00 AID-05 TRSE-00 L-03 FRB-03

OMB-01 ITC-01 SP-02 AGRE-00 CIAE-00 COME-00 INR-07

LAB-04 NSAE-00 OIC-02 SIL-01 STR-04 CIEP-01 CEA-01

DODE-00 NSCE-00 SSO-00 USIE-00 INRE-00 /068 R

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FM SECSTATE WASHDC

TO USMISSION GENEVA IMMEDIATE

INFO USMISSION OECD PARIS IMMEDIATE

C O N F I D E N T I A L STATE 261498

GENEVA: FOR PREEG/PELICAN, PARIS: FOR RYAN

E.O. 11652: GDS

TAGS: UNCTAD

SUBJECT: UNCTAD TDB: RESOURCE TRANSFER ISSUES

REF: GENEVA 8258

1. WITH REGARD TO OVERALL OUTCOME OF TDB DISCUSSION OF
RESOURCE TRANSFER, WE AGREE ENTIRELY WITH YOUR VIEW
PARA 3 REFTEL THAT A TDB REPORT TRANSMITTING A DRAFT IS
FAR PREFERABLE TO ADOPTION OF SPECIFIC RESOLUTIONS.
YOU SHOULD CONTINUE EFFORTS TO HEAD OFF
VOTING ON A RESOLUTION.

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2. IF RESOLUTION INTRODUCED AND VOTE CANNOT BE

AVOIDED, U.S. SHOULD DRAW ON FOLLOWING GUIDANCES KEYED TO NUMBERED PARAGRAPHS OF DRAFT TEXT:

1(A) IN RESERVING ON ITEM 1A THE DELEGATION SHOULD STATE THE FOLLOWING: "THE U.S. CLEARLY RECOGNIZES THE NEED FOR A SIGNIFICANT INCREASE IN THE FLOW OF OFFICIAL DEVELOPMENT ASSISTANCE AND IS COMMITTED TO ACHIEVING THAT OBJECTIVE IN ITS OWN PROGRAMS. THE U.S. IS NOT IN A POSITION TO ACCEPT SPECIFIC TARGETS OR DATES WITH RESPECT TO OFFICIAL DEVELOPMENT ASSISTANCE LEVELS."

1(D): ALTHOUGH NOT HAPPY WITH PROSPECT OF THE UNCTAD SECRETARIAT CALLING TOGETHER ANOTHER GROUP OF GOVERNMENTAL EXPERTS ON THE CONCEPTS OF THE PRESENT AID AND FLOW TARGET, THE SECRETARIAT DOES HAVE THE AUTHORITY TO DO SO. WE HAVE PARTICIPATED IN PREVIOUS MEETINGS OF SUCH A GROUP AND IF CALLED WE WOULD WANT TO PARTICIPATE IN ORDER TO FAEGUARD OUR INTERESTS. WE ASSUME INTERPRETIVE STATEMENT BEING DEVELOPED BY GROUP B RELATES TO THE ISSUE OF "APPROPRIATE TIME" (I.E. DOES NOT IMPLY THE NEED FOR IMMEDIATE CONCRETE ACTION). SHOULD ALSO POINT OUT THAT REVIEW OF TARGETS WOULD OF COURSE INCLUDE THE ISSUE OF WHETHER PRESENT TARGETS ARE REALISTIC. SHOULD ALSO NOTE THAT 50 PERCENT CRITERIA REFERRED TO DIVERGES FROM CURRENT 25 PERCENT CRITERIA AND ANY CHANGE SHOULD BE A MATTER FOR DONORS TO RESOLVE.

1(E)(I): OUR CONCERN WITH THIS PARAGRAPH IS WITH THE 90 PERCENT GRANT ELEMENT. IF THERE IS NO REFERENCE TO A SPECIFIC FIGURE THE U.S. NEED NOT RESERVE ON THIS PARAGRAPH. IF THERE IS A REFERENCE TO ANY FIGURE GREATER THAN 84 PERCENT, THE U.S. SHOULD MAKE THE FOLLOWING STATEMENT OF RESERVATION: WHILE THE U.S. SUPPORTS THE THRUST OF THIS PARAGRAPH AND HAS URGED IMPROVEMENTS IN THE QUALITY OF AID PARTICULARLY FOR THE LEAST DEVELOPED, THE APPROPRIATE FIGURE OF A GRANT ELEMENT TARGET IS PROPERLY A MATTER FOR DONORS TO KEEP UNDER REVIEW IN THE APPROPRIATE FORA.

1(F): IT WOULD BE PREFERABLE IF IN REFERENCE TO UNTYING
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ODA LOANS 'GENERAL RULE' COULD BE REPLACED BY BROADER WORDING SUCH AS "TO THE EXTENT POSSIBLE AND FEASIBLE". ALTHOUGH THE U.S. IS IN DIFFICULT POSITION TO OBJECT ALONE TO THIS UNTYING STATEMENT, WE

ARE CONCERNED THAT STATEMENT AS STANDS PREJUDGES DAC DISCUSSIONS ON UNTYING. THEREFORE, YOU SHOULD EXPLORE WITH OTHER GROUP B COUNTRIES THEIR FEELING AS TO

WHETHER TO MAKE STATEMENT EXPRESSING SUCH A CONCERN;
US SHOULD JOIN ANY GROUP B INTERPRETIVE STATEMENT
ALONG THESE LINES.

1(G): GENERAL NATURE OF STATEMENT ON PROGRAM ASSISTANCE
DOES NOT CALL FOR INTERPRETIVE STATEMENT

1(H): INTERPRETATION SHOULD NOTE THAT BOTH TARGETS
ARE FINANCIAL FLOWS. THE 0.7 PERCENT TARGET REPRESENTS
A SUB-TARGET OF OFFICIAL ASSISTANCE TOWARDS ACHIEVING
THE TOTAL FLOW TARGET. THE UNITED STATES ALREADY HAS
MADE CLEAR ITS POSITION ON THE 0.7 PERCENT TARGET.

1(I): WE SEE NO PROBLEM HERE BECAUSE WE CAN INTERPRET
"OBJECTIVE CRITERIA" TO MEAN ANY CRITERIA WE BELIEVE
APPROPRIATE.

2(A)(I): US SHOULD MAKE THE FOLLOWING STATEMENT OF
RESERVATION: WHILE THE US CONTINUES TO SUPPORT A
SUBSTANTIAL INCREASE IN IDA RESOURCES, WE DO NOT THINK
IT IS APPROPRIATE TO PREJUDGE THE OUTCOME OF THE
NEGOTIATIONS NOW BEING CONDUCTED BY THE IDA DEPUTIES.

2(A)(III): US SHOULD MAKE A STATEMENT OF INTERPRETA-
TION NOTING THAT THE LENDING LEVELS OF THE WORLD BANK
AND REGIONAL BANKS MUST ALSO BE CONSISTANT WITH THE
UNDERLYING CAPITAL STRUCTURE OF THE INSTITUTIONS.

2(A)(IV): YOU SHOULD MAKE A RESERVATION ALONG THE
FOLLOWING LINES: WHILE THE UNITED STATES CONTINUES
STRONGLY TO SUPPORT THE WORLD BANK GROUP, WE DO NOT
INTEND TO CONTRIBUTE TO THE THIRD WINDOW.

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3. IN THOSE PORTIONS OF THE TEXT WHICH REFER TO
"DEVELOPED COUNTRIES" WHERE "DONORS" WOULD BE MORE
APPROPRIATE, U.S. DELEGATION SHOULD CONTINUE TO ATTEMPT
TO HAVE TEXT REVISED TO READ "DONORS". IF THIS IS NOT
POSSIBLE, OUR GENERAL STATEMENT ON THE RESOLUTION
SHOULD NOTE OUR VIEW THAT ALL DONORS HAVE RESPONSIBILI-
TIES IN IMPROVING QUANTITIES AND QUALITY OF RESOURCE
TRANSFERS.

4. FINALLY WE ARE PUZZLED AS TO THE ABSENCE OF ANY
MENTION OF IFAD IN TDB DRAFT. BRIEF PARAGRAPH ON
IFAD WOULD BE USEFUL. IN EVENT THAT A RESOLUTION
CANNOT BE AVOIDED, YOU SHOULD ATTEMPT TO INSERT
LANGUAGE ALONG FOLLOWING LINES: ALL COUNTRIES RECOGNIZE
THE IMPORTANCE OF ANY EARLY ESTABLISHMENT OF THE

INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT WITH
INITIAL CONTRIBUTION OF DOLS 1 BILLION. DONORS
ARE URGED TO REACH THIS LEVEL OF CONTRIBUTION AS SOON
AS POSSIBLE.

5. WITH REFERENCE TO SDR-AID LINK AND IMF GOLD SALES
TREATED IN PARA 1(C) OF TDB DRAFT RESOLUTION, U.S.
DEL SHOULD LODGE A RESERVATION WITH REGARD TO THE LINK.
REITERATE OUR RESERVATION MADE AT UNGA SEVENTH
SPECIAL SESSION ON THIS ISSUE, NAMELY: "THE UNITED
STATES DOES NOT SUBSCRIBE . . . TO THE LINK BETWEEN
SPECIAL DRAWING RIGHTS AND DEVELOPMENT ASSISTANCE.
THE U.S. POSITION IS THAT IT DOES NOT SUPPORT AN
SDR-AID LINK. THIS POSITION IS UNCHANGED."

ALSO RESERVE ON THE IMF GOLD SALES PART OF PARA 1(C)
WITH THE FOLLOWING STATEMENT: "A SCHEDULE OF SALES
OF IMF GOLD OVER A 4 YEAR PERIOD, WITH PROFITS TO BE
USED FOR THE BENEFIT OF DEVELOPING COUNTRIES, HAS JUST
BEGUN. ANY CONSIDERATION OF SALES OF IMF GOLD IN
AMOUNTS BEYOND THOSE ALREADY AGREED WOULD BE PREMATURE
AT THIS TIME." KISSINGER

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